

UNITED
SECURITIES AND EXCHANGE
Washington



08029902

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response: 12.00

SEC FILE NUMBER

8- 53550

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pacific Advisory Group of America, LLC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

550 South Hope Street, Suite 2665

(No. and Street)

Los Angeles

CA

90071-3800

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Masaru Tsuchiya

(213) 614 - 9400 ex.203

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Paul S. Takeda CPA

(Name - if individual, state last, first, middle name)

340 E. 2nd Street #402

Los Angeles

90012-4249

(Address)

(City)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions

PROCESSED

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FINANCIAL

SECURITIES AND EXCHANGE COMMISSION
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BRANCH OF REGISTRATIONS
AND
EXAMINATIONS

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

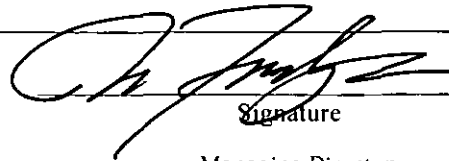
SEC 1410 (06-02)

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information contained in this form are not required to respond
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OATH OR AFFIRMATION

I, Masaru Tsuchiya, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pacific Advisory Group of America, LLC., as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature

Managing Director

Title


Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

Pacific Advisory Group of America, L.L.C.

Financial Statements

December 31, 2007

and

Auditor's Report

PAUL S. TAKEDA
CERTIFIED PUBLIC ACCOUNTANT
340 EAST SECOND STREET, SUITE 402
LOS ANGELES, CALIFORNIA 90012-4249
TELEPHONE (213) 624-9834
FACSIMILE (213) 624-6202

Independent Auditor's Report

Mr. M. Tsuchiya
Pacific Advisory Group of America, L.L.C.

I have audited the accompanying balance sheet of Pacific Advisory Group of America, L.L.C. (a single member, limited liability company) as of December 31, 2007, and the related statements of income, accumulated deficit, and cash flows for the year then ended. These financial statements are the responsibility of Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pacific Advisory Group of America, L.L.C. as of December 31, 2007, and results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Computation of Net Capital Under SEC Rule 15c3-1 and Statement of Member's Capital are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



February 5, 2008

Pacific Advisory Group of America, L.L.C.

Balance Sheet

December 31, 2007

Assets

Current assets:

Cash	\$ 10.025
Accounts receivable	<u>10,158</u>
Total current assets	20,183

Other assets:

Deposit	<u>1,792</u>
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Total assets	<u>\$ 21,975</u>
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Liabilities

Current liabilities:

Amount due - M. Tsuchiya	<u>\$ 163</u>
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Member's Equity

Capital, one class of stock	283,578
Accumulated deficit at December 31, 2007	<u>(261,766)</u>
Net equity	<u>21,812</u>

Total liabilities and Member's equity	<u>\$ 21,975</u>
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See independent auditor's report and accompanying notes

Pacific Advisory Group of America, L.L.C.

Statement of Income & Accumulated Deficit

December 31, 2007

Revenues

Fee revenue	\$ 166,998
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Expenses

Bank charges	\$ 143	
Business travel	15,318	
Dues and subscriptions	7,018	
Employee benefit	12,125	
Entertainment	9,301	
Licenses and permits	814	
Office supplies	9,985	
Payroll taxes	2,277	
Postage	1,497	
Professional fees	16,645	
Rent	24,000	
Salaries	22,750	
Taxes	678	
Telephone	2,807	
Transportation	<u>17,562</u>	
Total expenses		<u>142,920</u>
Operating income		24,078
Other income and expenses:		
Reimbursements received	8,549	
Commission paid - M. Tsuchiya	<u>(48,700)</u>	
Net, other		<u>(40,151)</u>
Net loss		(16,073)
Beginning balance accumulated deficit		<u>(245,693)</u>
Ending balance accumulated deficit		<u><u>\$ (261,766)</u></u>

See independent auditor's report and accompanying notes

Statement of Cash Flows

December 31, 2007

Net cash used by operating activities:

Cash received from customers	\$ 168,272
Cash paid to vendors & employees	(182,117)
Income taxes paid	<u>(800)</u>

Net cash used by operations	(14,645)
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Beginning cash	<u>24,670</u>
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Ending cash	<u>\$ 10,025</u>
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Reconciliation of net loss to net cash used by operations:

Net loss	\$(16,073)
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Changes in assets and liabilities:

Accounts receivable	1,273
Amount due - M. Tsuchiya	<u>155</u>

Net cash used by operations	<u>\$(14,645)</u>
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Notes to Financial Statements

December 31, 2007

1. Organization

Pacific Advisory Group of America, L.L.C. (the Company) was organized by M. Tsuchiya. The Company operates similar to a corporation, however it is taxed on M. Tsuchiya's individual income tax return. Thus, the income taxes paid, if any, during the calendar year are included as expenses.

The Company provides financial advisory services for merger and acquisition transactions to clients primarily located in Japan and the United States. All of the revenue arises from fees from four customers. As a nature of the Company's business and its size, the share among the sources of revenue varies year by year.

2. Operations

The Company prepares its financial statements using the accrual method of accounting. Revenues are recognized when clients are invoiced which is normally when services have been rendered and contracts have been completed. Expenses are recorded when incurred.

The process of preparing financial statements in conformity with generally accepted accounting principles requires use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The Company rents its Los Angeles space on a monthly basis for \$2,000 per month.

Certain business expenses are paid by the Company credit card and have been recorded as accounts payable.

The Company considers cash and cash equivalents to include time deposits with maturities of 90 days or less for the statement of cash flows.

3. Related Party Transactions

The Company paid M. Tsuchiya a salary of \$4,500. The Company invoiced and received \$41,000 from M. Tsuchiya's parent, located in Japan, for financial advisory services.

Pacific Advisory Group of America, L.L.C.
Computation of Net Capital Under SEC Rule 15c3-1
As of December 31, 2007

Part 1

Total assets	\$ 21,975
Less total liabilities	<u>(163)</u>
Net worth	<u>\$ 21,812</u>
Capital before deductions	\$ 21,812
Deductions from and/or changes to net worth:	
Total non-allowable assets	\$ 11,950
Total deductions from charges to net worth	<u>11,950</u>
Net capital before haircuts on securities positions	\$ 9,862
Total haircuts on securities	<u>0</u>
Net capital	<u>\$ 9,862</u>

Part II

Minimum net capital requirement	\$ 5,000
Minimum net capital requirement of subsidiaries	<u>0</u>
Total net capital requirement	\$ 5,000
Total A.I. liabilities from Statement of Financial Condition	\$ 155
Total aggregate indebtedness	\$ 155
Ratio of aggregate indebtedness to net capital	0.02%
Net capital in excess of minimum requirement	<u>\$ 4,862</u>
Equity as a percentage of net worth	100%

There were no material differences in the computation of net capital or aggregate indebtedness between the amounts included in Part IIA of Form X-17A-5 and the above computations.

See independent auditor's report

Pacific Advisory Group of America, L.L.C.

Statement of Member's Equity

For the Year Ended December 31, 2007

	<u>Member's Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance at January 1, 2007	\$ 283,578	\$ (245,693)	\$ 37,885
Net loss - 2007	<u>-</u>	<u>(16,073)</u>	<u>(16,073)</u>
Balance at December 31, 2007	<u>\$ 283,578</u>	<u>\$ (261,766)</u>	<u>\$ 21,812</u>

See independent auditor's report

Pacific Advisory Group of America, L.L.C.

Information Relating to Possession or
Control Requirements Under Rule 15c3-3

December 31, 2007

The Company is exempt from Rule 15c3-3 as it relates to possession, control and reserve requirements under the (k)(2)(i) exemptive provision.

Determination of Reserve Requirements
Under Rule 15c3-3 of Securities and Exchange Commission

December 31, 2007

The Company is exempt from the Reserve Requirements of computation according to the provision of Rule 15c3-3(k)(2)(i).

See independent auditor's report

PAUL S. TAKEDA
CERTIFIED PUBLIC ACCOUNTANT
340 EAST SECOND STREET, SUITE 402
LOS ANGELES, CALIFORNIA 90012-4249
TELEPHONE (213) 624-9834
FACSIMILE (213) 624-6202

February 5, 2008

M. Tsuchiya, Sole Shareholder
Pacific Advisory Group of America, L.L.C.

In planning and performing my audit of the financial statements of Pacific Advisory Group of America, L.L.C. (PAGA), for the year ended December 31, 2007, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), I have made a study of the practices and procedures followed by PAGA, including tests of such practices and procedures that I considered relevant to the objectives stated in rule 17a-5(g), in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with exemptive provisions of rule 15c3-3. Because PAGA does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by PAGA in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recording of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of PAGA is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which PAGA has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives to the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on my study, I believe that PAGA's practices and procedures were adequate at December 31, 2007, to meet the Commission's objectives.

This report is intended solely for the information and use of the Stockholder, management, the SEC, National Association of Securities Dealers, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.



Paul S. Takeda
Certified Public Accountant
Los Angeles, California

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